

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 541

6 By: Montgomery of the Senate

7 and

8 Sneed of the House

9 COMMITTEE SUBSTITUTE

10 An Act relating to service warranties; amending
11 Sections 3, 4, and 5, Chapter 16, O.S.L. 2022 (15
12 O.S. Supp. 2022, Sections 140.4, 140.5, and 140.6),
13 which relate to debt waivers, vehicle value
14 protection agreements, and enforcement; requiring
15 certain administrators to register with the Insurance
16 Department; requiring registration renewal by certain
17 date; requiring certain registrations and
18 registration fees to be submitted electronically;
19 requiring certain contact information changes to be
20 submitted within certain time period; directing
21 certain administrators and service warranty
22 associations to respond to the Insurance Commissioner
23 within certain time period; removing cash payment as
24 an acceptable deposit for certain trust with the
Commissioner; updating statutory reference; amending
15 O.S. 2021, Sections 141.4, 141.5, 141.8, 141.13,
as amended by Section 1, Chapter 241, O.S.L. 2017,
141.14, and 141.33, which relate to qualification for
license, annual license requirements, service
warranty forms, annual statements, and claim files;
requiring certain license application and fee be
submitted electronically by certain service warranty
association; requiring certain application to include
declaration; conforming language; establishing fees
for certain renewal processes; requiring certain
expired licensees to reapply as if a new applicant;
requiring certain applicants to submit certain
report; establishing certain fines; requiring certain
filing of financial statement include information for

1 certain time period; updating statutory language; and
2 providing an effective date.

3
4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

5 SECTION 1. AMENDATORY Section 3, Chapter 16, O.S.L. 2022
6 (15 O.S. Supp. 2022, Section 140.4), is amended to read as follows:

7 Section 140.4. A. As used in this section:

8 1. "Administrator" means a person, other than an insurer or
9 creditor that performs administrative or operational functions
10 pursuant to debt waiver programs;

11 2. "Borrower" means a debtor, retail buyer, or lessee, under a
12 finance agreement;

13 3. "Creditor" means:

14 a. the lender in a loan or credit transaction,

15 b. the lessor in a lease transaction,

16 c. any retail seller of motor vehicles,

17 d. the seller in commercial retail installment

18 transactions, or

19 e. the assignees of any of the foregoing to whom the
20 credit obligation is payable; and

21 4. "Debt waiver" includes, but is not limited to:

22 a. "guaranteed asset protection waivers" or "GAP waivers"
23 means a contractual agreement wherein a creditor
24 agrees, with or without a separate charge, to cancel

1 or waive all or part of amounts due on a borrower's
2 financial agreement in the event of a total physical
3 damage loss or unrecovered theft of the motor vehicle,
4 which an agreement shall be part of, or as a separate
5 addendum to, the financial agreement. A GAP waiver
6 may also provide, with or without a separate charge, a
7 benefit that waives an amount or provides a borrower
8 with a credit towards the purchase of a replacement
9 motor vehicle,

10 b. "excess wear and use waiver" means a contractual
11 agreement wherein a creditor agrees, with or without a
12 separate charge, to cancel or waive all or part of
13 amounts that may become due under a borrower's lease
14 agreement as a result of excessive wear and use of a
15 motor vehicle, which an agreement shall be part of, or
16 as a separate addendum to, the lease agreement.

17 Excess wear and use waivers may also cancel or waive
18 amounts due for excess mileage, and

19 c. other products as approved by the Insurance
20 Commissioner.

21 B. 1. No administrator or creditor operating as an
22 administrator shall perform or engage in any administrative or
23 operational functions of a debt waiver program without first
24 registering with the Insurance Department. Registration shall be

1 renewed annually by July 15 of each calendar year. All
2 registrations shall be filed and fees shall be paid electronically
3 in the manner and form prescribed by the Commissioner.

4 2. An administrator or a creditor operating as an administrator
5 shall electronically file an updated registration within thirty (30)
6 days of any change of name, address, or email address.

7 3. Every administrator or creditor, upon receipt of any inquiry
8 from the Commissioner, shall furnish the Commissioner with an
9 adequate response to the inquiry within twenty (20) days from the
10 date of receipt of the inquiry.

11 C. As required for offering debt waivers:

12 1. A retail seller shall insure its debt waiver obligations
13 under a contractual liability or other insurance policy issued by an
14 insurer. A creditor other than retail sellers may insure its debt
15 waiver obligations under a contractual liability policy or other
16 such policy issued by an insurer. Any such insurance policy may be
17 directly obtained by a creditor or retail seller or may be obtained
18 by an administrator to cover a creditor's or retail seller's
19 obligations. However, retail sellers that are lessors on motor
20 vehicles are not required to insure obligations related to debt
21 waivers on such leased motor vehicles;

22 2. The debt waiver remains a part of the finance agreement upon
23 the assignment, sale, or transfer of such finance agreement by the
24 creditor;

1 3. Any creditor that offers a debt waiver shall report the sale
2 of, and subsequently forward the funds due to, the designated party
3 or parties; and

4 4. Funds received or held by a creditor or administrator that
5 belong to an insurer, creditor, or administrator shall be held by
6 such creditor or administrator in a fiduciary capacity.

7 ~~E.~~ D. Contractual Liability or Other Insurance Policies.

8 1. Contractual liability or other insurance policies insuring
9 debt waivers shall state the obligation of the insurer to reimburse
10 or pay to the creditor any sums the creditor is legally obligated to
11 waive under a debt waiver.

12 2. Coverage under a contractual liability or other insurance
13 policy insuring a debt waiver shall also cover any subsequent
14 assignee upon the assignment, sale, or transfer of the finance
15 agreement.

16 3. Coverage under a contractual liability or other insurance
17 policy insuring a debt waiver shall remain in effect unless canceled
18 or terminated in compliance with applicable insurance laws of this
19 state.

20 4. The cancelation or termination of a contractual liability or
21 other insurance policy shall not reduce the insurer's responsibility
22 for debt waivers issued by the creditor prior to the date of
23 cancelation or termination and for which the premium has been
24 received by the insurer.

1 ~~D.~~ E. Debt waivers shall disclose in writing and in clear,
2 understandable language the following:

3 1. The name and address of the initial creditor and the
4 borrower at the time of sale and identity of any administrator if
5 different from the creditor;

6 2. The purchase price, if any, and the terms of the debt waiver
7 including without limitation, the requirements of protection,
8 conditions, or exclusions associated with the debt waiver;

9 3. That the borrower may cancel the debt waiver within a free
10 look period, as specified in the debt waiver, and will be entitled
11 to a full refund of the purchase price paid by the borrower, if any,
12 as long as no benefits have been provided;

13 4. The procedures the borrower shall follow, if any, to obtain
14 debt waiver benefits under the terms and conditions of the debt
15 waiver including, if applicable, a telephone number or website and
16 address where the borrower may apply for debt waiver benefits;

17 5. Whether or not the debt waiver may be canceled after the
18 free look period and the conditions under which it may be canceled
19 or terminated including the procedures for requesting any refund of
20 amounts paid;

21 6. That in order to receive any refund due in the event of a
22 borrower's cancelation of the debt waiver, the borrower, in
23 accordance with the term of the debt waiver, shall provide a written
24 request to cancel to the creditor, administrator, or other such

1 party. If the cancelation of a debt waiver is due to an early
2 termination of the finance agreement and no benefit has been or will
3 be provided, then the borrower, in accordance with the terms of the
4 debt waiver, shall provide a written request to cancel to the
5 creditor or administrator within ninety (90) days of the occurrence
6 of the event terminating the finance agreement;

7 7. The methodology for calculating any refund of the unearned
8 purchase price of the debt waiver, if any, shall be due in the event
9 of cancelation of the debt waiver or early termination of a finance
10 agreement; and

11 8. That neither the extension of credit, the terms of the
12 credit, nor the terms of the related motor vehicle sale or lease,
13 may be conditioned upon the borrower's purchase of a debt waiver.

14 ~~E.~~ F. Cancelation.

15 1. Debt waiver agreements may be cancelable or non-cancelable
16 following the free look period. Debt waivers shall provide the
17 borrower, if a borrower cancels a debt waiver within the free look
18 period, a full refund of the amount the borrower paid, if any, as
19 long as no benefits have been provided.

20 2. In the event of a borrower's cancelation of the debt waiver
21 or upon the early termination of the finance agreement after the
22 debt waiver has been in effect beyond the free look period, the
23 borrower may be entitled to a refund of the amount the borrower paid
24 of the unearned portion of the purchase price, if any, minus a

1 cancellation fee not to exceed Seventy-five Dollars (\$75.00), if no
2 benefit has been or will be provided. In order to receive any
3 refund due in the event of a borrower's cancellation of the debt
4 waiver, the borrower shall provide a written request to cancel, in
5 accordance with the terms of the debt waiver, to the creditor or
6 administrator. If the cancellation is due to the early termination
7 of the finance agreement, then the borrower, in accordance with the
8 terms of the debt waiver, shall provide a written request to cancel
9 to the creditor or administrator within ninety (90) days of the
10 occurrence of the event terminating the finance agreement.

11 3. If the cancellation of a debt waiver occurs as a result of a
12 default under the finance agreement or the repossession of the motor
13 vehicle associated with the finance agreement, or any other
14 termination of the finance agreement, any refund due may be paid
15 directly to the creditor or administrator, unless the borrower can
16 show that the finance agreement has been paid in full.

17 ~~F.~~ G. Exempt Transactions.

18 1. Debt waivers offered by state or federal banks or credit
19 unions in compliance with the applicable state or federal law are
20 exempt from ~~this act~~ Section 140.2 et seq. of this title.

21 2. Subsection ~~D~~ E of this section and Section ~~5~~ 140.6 of this
22 ~~act~~ title shall not apply to debt waivers offered in connection with
23 commercial transactions.

24

1 SECTION 2. AMENDATORY Section 4, Chapter 16, O.S.L. 2022
2 (15 O.S. Supp. 2022, Section 140.5), is amended to read as follows:

3 Section 140.5. A. As used in this section:

4 1. "Administrator" means the person who may be responsible for
5 the administrative or operational function of vehicle value
6 protection agreements including, but not limited to, the
7 adjudication of claims or benefits requested by contract holders;

8 2. "Contract holder" means a person who is the purchaser or
9 holder of a vehicle value protection agreement;

10 3. "Provider" means a person that is obligated to provide a
11 benefit under a vehicle value protection agreement. A provider may
12 perform as an administrator or retain the services of a third-party
13 administrator; and

14 4. "Vehicle value protection agreement" means a contractual
15 agreement that provides a benefit towards either the reduction of
16 some or all of the contract holder's current finance agreement
17 deficiency balance, or towards the purchase or lease of a
18 replacement motor vehicle or motor vehicle services, upon the
19 occurrence of an adverse event to the motor vehicle including, but
20 not limited to, loss, theft, damage, obsolescence, diminished value,
21 or depreciation. These agreements do not include debt waivers.
22 These agreements may include, but not be limited to, trade-in-credit
23 agreements, diminished value agreements, depreciation benefit
24 agreements, or other similarly named agreements.

1 B. 1. No administrator or provider operating as an
2 administrator shall perform or engage in any administrative or
3 operational functions of vehicle value protection agreements without
4 first registering with the Insurance Department. Registration shall
5 be renewed annually by July 15 of each calendar year. All
6 registrations shall be filed and fees shall be paid electronically
7 in the manner and form prescribed by the Insurance Commissioner.

8 2. An administrator or a provider operating as an administrator
9 shall electronically file an updated registration within thirty (30)
10 days of any change of name, address, or email address.

11 3. Every administrator and provider, upon receipt of any
12 inquiry from the Commissioner, shall furnish the Commissioner with
13 an adequate response to the inquiry within twenty (20) days from the
14 date of receipt of the inquiry.

15 C. Requirements for offering vehicle value protection
16 agreements:

17 1. A provider may utilize an administrator or other designee to
18 be responsible for any and all of the administration of vehicle
19 value protection agreements in compliance with ~~this act~~ Section
20 140.2 et seq. of this title;

21 2. Vehicle value protection agreements shall not be sold unless
22 the contract holder has been or will be provided access to a copy of
23 that vehicle value protection agreement;

1 3. In order to assure the faithful performance of the
2 provider's obligations to its contract holders, each provider shall
3 be responsible for complying with the requirements of one of the
4 following:

5 a. insure all of its vehicle value protection agreements
6 under an insurance policy issued by an insurer
7 licensed, registered, or otherwise authorized to do
8 business in this state either:

9 (1) at the time the policy is filed with the
10 Insurance Commissioner, and continuously
11 thereafter, (i) maintain surplus as to
12 policyholders and paid-in capital no less than
13 Fifteen Million Dollars (\$15,000,000.00) and (ii)
14 annually file copies of the insurer's financial
15 statements, its National Association of Insurance
16 Commissioners (NAIC) Annual Statement, and the
17 actuarial certification required by and filed in
18 the insurer's state of domicile, or

19 (2) at the time the policy is filed with the
20 Commissioner, and continuously thereafter, (i)
21 maintain surplus as to policyholders and paid-in
22 capital of less than Fifteen Million Dollars
23 (\$15,000,000.00) but at least equal to Ten
24 Million Dollars (\$10,000,000.00), (ii)

1 demonstrate to the satisfaction of the
2 Commissioner that the company maintains a ratio
3 of net written premiums, wherever written, to
4 surplus as to policyholders and paid-in capital
5 of not greater than 3 to 1, and (iii) annually
6 file copies of the insurer's audited financial
7 statements, its NAIC Annual Statement, and the
8 actuarial certification required by and filed in
9 the insurer's state of domicile,

10 b. (1) maintain a funded reserve account for its
11 obligations under its contracts issued and
12 outstanding in this state. The reserves shall
13 not be less than forty percent (40%) of gross
14 considerations received, less claims paid, on the
15 sale of the vehicle value protection agreement
16 for all in-force contracts. The reserve account
17 shall be subject to examination and review by the
18 Commissioner, and

19 (2) place in trust with the Commissioner a financial
20 security deposit, having a value not less than
21 five percent (5%) of the gross consideration
22 received, less claims paid, on the sale of the
23 vehicle value protection agreements for all
24 vehicle value protection agreements issued and in

1 force, but not less than Twenty-five Thousand
2 Dollars (\$25,000.00), consisting of the
3 following:

4 (a) a surety bond issued by an authorized
5 surety,

6 (b) securities of the type eligible for deposit
7 by authorized insurers in this state,

8 (c) ~~cash,~~

9 ~~(d)~~ a letter of credit issued by a qualified
10 financial institution, or

11 ~~(e)~~ (d) another form of security prescribed by
12 regulations issued by the Commissioner, or

13 c. (1) maintain, or together with its parent company
14 maintain, a net worth or stockholders' equity of
15 One Hundred Million Dollars (\$100,000,000.00), ~~or~~
16 and

17 (2) upon request, provide the Commissioner with a
18 copy of the provider's or the provider's parent
19 company's most recent Form 10-K or Form 20-F
20 filed with the Securities and Exchange Commission
21 (SEC) within the last calendar year, or if the
22 company does not file with the SEC, a copy of the
23 company's audited financial statements, which
24 shows a net worth of the provider or its parent

1 company of at least One Hundred Million Dollars
2 (\$100,000,000.00). If the provider's parent
3 company's Form 10-K, Form 20-F, or financial
4 statements are filed to meet the provider's
5 financial security requirement, then the parent
6 company shall agree to guarantee the obligations
7 of the provider relating to the vehicle value
8 protection agreements sold by the provider in
9 this state; and

10 4. Except for the requirements in paragraph 3 of subsection ~~B~~ C
11 of this section, no other financial security requirements shall be
12 required for vehicle value protection agreement providers.

13 ~~C~~ D. Vehicle value protection agreements shall disclose in
14 writing and in clear, understandable language the following:

15 1. The name and address of the provider, contract holder, and
16 administrator, if any;

17 2. The terms of the vehicle value protection agreement
18 including without limitation, the purchase price to be paid by the
19 contract holder, the requirements for eligibility, conditions of
20 coverage, or exclusions;

21 3. That the vehicle value protection agreement may be canceled
22 by the contract holder within a free look period as specified in the
23 vehicle value protection agreement, and in such an event, the
24 contract holder shall be entitled to a full refund of the purchase

1 price paid by the contract holder, if any, as long as no benefits
2 have been provided;

3 4. The procedure the contract holder shall follow, if any, to
4 obtain a benefit under the terms and conditions of the vehicle value
5 protection agreement including, if applicable, a telephone number or
6 website and address where the contract holder may apply for a
7 benefit;

8 5. Whether or not the vehicle value protection agreement is
9 cancelable after the free look period and the conditions under which
10 it may be canceled including the procedures for requesting any
11 refund of the unearned purchase price paid by the contract holder;

12 6. In the event of cancelation, the methodology for calculating
13 any refund of the unearned purchase price of the vehicle value
14 protection agreement due;

15 7. That neither the extension of credit, the terms of the
16 credit, nor the terms of the related motor vehicle sale or lease may
17 be conditioned upon the purchase of the vehicle value protection
18 agreement; and

19 8. Vehicle value protection agreements shall state the terms
20 and restrictions, or conditions governing cancelation of the vehicle
21 value protection agreement prior to the termination or expiration
22 date of the vehicle value protection agreement by either the
23 provider or the contract holder. The provider of the vehicle value
24 protection agreement shall mail a written notice to the contract

1 holder at the last known address of the contract holder contained in
2 the records of the provider at least five (5) days prior to
3 cancelation by the provider. Prior notice shall not be required if
4 the reason for cancelation is nonpayment of the provider fee, a
5 material misrepresentation by the contract holder to the provider or
6 administrator, or a substantial breach of duties by the contract
7 holder relating to the covered product or its use. The notice shall
8 state the effective date of cancelation and the reason for the
9 cancelation. If a vehicle value protection agreement is canceled by
10 the provider for a reason other than nonpayment of the provider fee,
11 the provider shall refund the contract holder one hundred percent
12 (100%) of the unearned pro rata provider fee paid by the contract
13 holder, if any. If coverage under the vehicle value protection
14 agreement continues after a claim, then any refund may deduct claims
15 paid. A reasonable administrative fee may be charged by the
16 provider not to exceed Seventy-five Dollars (\$75.00).

17 ~~D.~~ E. Subsection ~~C~~ D of this section and Section ~~5~~ 140.6 of
18 this ~~act~~ title shall not apply to vehicle value protection
19 agreements offered in connection with a commercial transaction.

20 SECTION 3. AMENDATORY Section 5, Chapter 16, O.S.L. 2022
21 (15 O.S. Supp. 2022, Section 140.6), is amended to read as follows:

22 Section 140.6. The Insurance Commissioner shall promulgate
23 rules necessary to enforce the provisions of ~~this act~~ Section 140.2
24 et seq. of this title. After proper notice and opportunity for

1 hearing the Commissioner may take either or both of the following
2 actions:

3 1. Order the creditor, provider, administrator, or any other
4 person not in compliance with ~~this act~~ Section 140.2 et seq. of this
5 title to cease and desist from product related operations which are
6 in violation of ~~this act~~ Section 140.2 et seq. of this title; and or

7 2. Impose a penalty not to exceed Five Hundred Dollars
8 (\$500.00) per violation and no more than Ten Thousand Dollars
9 (\$10,000.00) for aggregated violations of a similar nature. For
10 purposes of this section, "violations of a similar nature" means the
11 violation consisted of the same or similar course of conduct,
12 action, or practice, irrespective of the number of times the action,
13 conduct, or practice which is determined to be a violation of ~~this~~
14 ~~act~~ Section 140.2 et seq. of this title occurred.

15 SECTION 4. AMENDATORY 15 O.S. 2021, Section 141.4, is
16 amended to read as follows:

17 Section 141.4. A. No person in this state shall act as a
18 service warranty association unless licensed by the Insurance
19 Commissioner.

20 B. A service warranty association shall pay to the Insurance
21 Department a license fee of Four Hundred Dollars (\$400.00) for such
22 license for each year, or part thereof, the license is in force.
23 Each service warranty association applying for a license shall
24 electronically submit a complete license application and pay the

1 license fee to the Insurance Commissioner in the manner and form
2 prescribed by the Commissioner, along with any transaction or other
3 applicable fees. Each application shall include a signed
4 declaration that under penalty of refusal, suspension, or revocation
5 of the license, the information provided in the application is true,
6 correct, and complete to the best of the applicant's knowledge and
7 belief.

8 C. An insurer, while authorized to transact property or
9 casualty insurance in this state, may also transact a service
10 warranty business without additional qualifications or licensure as
11 required by the Service Warranty Act, but shall be otherwise subject
12 to the provisions of the Service Warranty Act.

13 D. A service warranty association may appoint an administrator
14 or other designee to be responsible for any or all of the
15 administration of service warranties and compliance with the Service
16 Warranty Act.

17 E. The marketing, sale, offering for sale, issuance, making,
18 proposing to make and administration of service warranties by
19 associations and related service warranty sellers, administrators,
20 and other persons shall be exempt from all provisions of the
21 Oklahoma Insurance Code.

22 F. An agreement which provides specified scheduled maintenance
23 services over a stated period of time does not constitute insurance
24 or a service warranty.

1 SECTION 5. AMENDATORY 15 O.S. 2021, Section 141.5, is
2 amended to read as follows:

3 Section 141.5. The Insurance Commissioner shall not issue or
4 renew a license to any service warranty association unless the
5 association:

6 1. Is a solvent association;

7 2. Furnishes the Insurance Department with satisfactory
8 evidence that the management of the association is competent and
9 trustworthy and can successfully manage the affairs of the
10 association in compliance with law;

11 3. Proposes to use and uses in its business a name together
12 with a trademark or emblem, if any, which is distinctive and not so
13 similar to the name or trademark of any other person already doing
14 business in this state as will tend to mislead or confuse the
15 public;

16 4. Files the bond required by the Service Warranty Act; ~~and~~

17 5. Is formed under the laws of this state or another state,
18 district, territory, or possession of the United States, if the
19 association is other than a natural person; and

20 6. Has submitted all annual financial statements and
21 administrative fees required by the Service Warranty Act.

22 SECTION 6. AMENDATORY 15 O.S. 2021, Section 141.8, is
23 amended to read as follows:

24

1 Section 141.8. Each license issued to a service warranty
2 association shall expire on November 1 following the date of
3 issuance. If the association is then qualified under the provisions
4 of the Service Warranty Act, its license may be renewed annually,
5 upon ~~its request~~ electronic submission of a renewal application and
6 fee in the manner and form prescribed by the Insurance Commissioner
7 along with any applicable fees, and upon payment to the Insurance
8 Commissioner of the license fee in the amount of Four Hundred
9 Dollars (\$400.00) in advance for each such license year. A license
10 expired for failure to submit a renewal application may be
11 reinstated within ninety (90) days after the expiration date by
12 electronically submitting a fee in an amount that is double the
13 renewal fee and a renewal application in the form and manner
14 prescribed by the Commissioner along with any transaction or other
15 applicable fees. The Commissioner shall require a service warranty
16 association whose license has been expired for more than ninety (90)
17 days to reapply as if a new applicant and pay an application fee
18 that is double the initial application fee, in addition to any fines
19 imposed. All applications received after the license has been
20 expired for more than ninety (90) days shall include a detailed
21 report of service warranties issued in this state during the period
22 of expired licensure.

23

24

1 SECTION 7. AMENDATORY 15 O.S. 2021, Section 141.13, as
2 amended by Section 1, Chapter 241, O.S.L. 2017, is amended to read
3 as follows:

4 Section 141.13. A. No service warranty form or related form
5 shall be issued or used in this state unless the form has been filed
6 with the Insurance Commissioner. Service warranty forms shall not
7 be subject to prior approval and shall be filed with the Insurance
8 Commissioner for informational purposes only.

9 B. Each service warranty contract shall contain a ~~cancellation~~
10 cancellation provision. In the event the contract is canceled by the
11 warranty holder, return of the provider fee shall be based upon
12 ninety percent (90%) of the unearned pro rata provider fee less the
13 actual cost of any service provided under the service warranty
14 contract. In the event the contract is canceled by the association,
15 return of premium shall be based upon one hundred percent (100%) of
16 unearned pro rata provider fee less the actual cost of any service
17 provided under the service warranty contract.

18 C. Service warranties shall state the name and address of the
19 service warranty association and shall identify any administrator if
20 different from the service warranty association, the service
21 warranty seller and the service warranty holder to the extent that
22 the name of the service warranty holder has been furnished by the
23 service warranty holder. For service warranties issued on and after
24 July 1, 2017, the identity of the service warranty association and

1 its license number shall be preprinted on the service warranty or
2 added at the time of sale so consumers can clearly identify the
3 obligor of the service warranty. Information to be printed at the
4 time of sale shall be indicated as such at the time the service
5 warranty is filed and a "Jane Doe" specimen shall accompany the
6 service warranty illustrating how the service warranty will look
7 after printing.

8 Each person and service warranty association shall
9 electronically submit, in the form and manner prescribed by the
10 Commissioner, any change of legal business name, "doing business as"
11 or assumed name, address, or contact e-mail address within thirty
12 (30) days after the change occurred, and any fees deemed necessary
13 by the Commissioner. Any submission of a change under this
14 paragraph received more than thirty (30) days after the change
15 occurs shall be accompanied by a fee of Fifty Dollars (\$50.00).

16 D. The Commissioner shall have the authority to immediately
17 order a service warranty association to stop using any service
18 warranty contract if the Commissioner determines that the form:

- 19 1. Violates the Service Warranty Act;
- 20 2. Is misleading in any respect; or
- 21 3. Is reproduced so that any material provision is
- 22 substantially illegible.

23 E. The Insurance Commissioner may, by order, exempt from the
24 requirements of this section for so long as he or she deems proper

1 any document or form or type thereof as specified in such order, to
2 which, in his or her discretion, this section may not practicably be
3 applied, or the filing of which is, in his or her opinion, not
4 desirable or necessary for the protection of the public.

5 SECTION 8. AMENDATORY 15 O.S. 2021, Section 141.14, is
6 amended to read as follows:

7 Section 141.14. A. In addition to the license fees provided in
8 the Service Warranty Act for service warranty associations each
9 service warranty association and insurer shall annually, on or
10 before the first day of May, file with the Insurance Commissioner
11 its annual financial statement as of a date not earlier than three
12 hundred sixty-five (365) days prior to the date submitted showing
13 all gross written provider fees or assessments received by it in
14 connection with the issuance of service warranties in this state
15 during the preceding calendar year and other relevant financial
16 information as deemed necessary by the Commissioner. The financial
17 statements required by this subsection must be:

18 1. Audited and prepared in accordance with statutory accounting
19 principles if the applicant complies with the requirements of
20 subsection A of Section 141.6 of this title; or

21 2. Verified under oath of at least two of its principal
22 officers and prepared in accordance with generally accepted
23 accounting principles if the applicant utilizes an insurance policy

24

1 which satisfies the requirements of subsection B of Section 141.6 of
2 this title.

3 B. The Commissioner may levy a fine of up to One Hundred
4 Dollars (\$100.00) a day for each day an association neglects to file
5 its financial statement in the form and within the time provided by
6 the Service Warranty Act.

7 C. In addition to the annual financial statements required to
8 be filed by subsection A of this section, the Commissioner may
9 require of licensees, under oath and in the form prescribed by ~~it~~
10 the Commissioner, quarterly statements or special reports which the
11 Commissioner deems necessary for the proper supervision of licensees
12 under the Service Warranty Act.

13 D. Provider fees and assessments received by associations and
14 insurers for service warranties shall not be subject to the premium
15 tax provided in Section 624 of Title 36 of the Oklahoma Statutes,
16 but shall be subject to an administrative fee of equal to two
17 percent (2%) of the gross provider fee received on the sale of all
18 service warranties issued in this state during the preceding
19 calendar quarter. The fees shall be paid quarterly to the Insurance
20 Commissioner. However, licensed associations, licensed insurers and
21 entities with applications for licensure as a service warranty
22 association pending with the Insurance Department that have
23 contractual liability insurance in place as of March 31, 2009, from
24 an insurer which satisfies the requirements of subsections B and C

1 of Section 141.6 of this title and which covers one hundred percent
2 (100%) of the claims exposure of the association or insurer on all
3 contracts written may elect to pay an annual administrative fee of
4 Three Thousand Dollars (\$3,000.00) in lieu of the two-percent
5 administrative fee.

6 SECTION 9. AMENDATORY 15 O.S. 2021, Section 141.33, is
7 amended to read as follows:

8 Section 141.33. A. Claim files of service warranty
9 associations licensed pursuant to the Service Warranty Act shall be
10 subject to examination by the Insurance Commissioner or by duly
11 appointed designees. The claim files shall contain all notes and
12 work papers pertaining to a claim in such detail that pertinent
13 events and the dates of the events can be reconstructed. In
14 addition, the Commissioner and authorized employees and examiners
15 shall have access to any files of a service warranty association
16 that may relate to a particular complaint under investigation or to
17 an inquiry or examination by the Insurance Department.

18 B. Every service warranty association, upon receipt of any
19 inquiry from the Commissioner, shall, within ~~thirty (30)~~ twenty (20)
20 days from the date of the inquiry, furnish the Commissioner with an
21 adequate response to the inquiry.

22 C. Every service warranty association, upon receipt of any
23 pertinent written communication including, but not limited to,
24 electronic mail or other forms of written electronic communication

1 or documentation by the service warranty association of a verbal
2 communication from a claimant which reasonably suggests that a
3 response is expected, shall, within thirty (30) days after receipt
4 thereof, furnish the claimant with an adequate response to the
5 communication.

6 D. Any violation by a service warranty association of this
7 section shall subject the service warranty association to discipline
8 including a civil penalty of not less than One Hundred Dollars
9 (\$100.00) nor more than Five Thousand Dollars (\$5,000.00).

10 SECTION 10. This act shall become effective November 1, 2023.

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